



OFFICE OF THE COMMISSIONER OF INSURANCE
STATE OF LOUISIANA

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ADVISORY LETTER NUMBER 01-02
December 28, 2001

**TO: ALL PROPERTY AND CASUALTY INSURERS ADMITTED OR
APPROVED TO ISSUE POLICIES INSURING RISKS IN LOUISIANA**

RE: Use of Mold Exclusions in Insurance Policy Forms

STATUTE AND REGULATION REFERENCES:

Title 22 of the Louisiana Revised Statutes §§ 2, 620-621, 1211 et seq., and 1262.1

Please be advised that after due consideration, the LDI has determined that it will allow the use of insurance policies and/or endorsements that exclude coverage for mold if the exclusion is directed at precluding coverage for (1) remedial costs, such as the costs of testing the insured premises for mold, or the cost of containment or fumigation of the insured premises, whether the mold is the result of a covered cause of loss or otherwise; or (2) mold that is not the result of a covered cause of loss.

Insurers doing business in Louisiana should take note that standard homeowner's policies do not provide coverage for "seepage" or for damage arising from wear and tear or the failure to do proper maintenance. More importantly, unlike most states there is very limited punitive damages exposure in Louisiana.

Insurers should make every effort to develop exclusions that are narrowly drafted. Further, such exclusions should not be used to deny coverage for the costs of repair and restoration of the insured premises for damages arising from a covered cause of loss, even if some mold is present.

Any questions regarding this Advisory Letter may be directed to Kathlee Hennigan, Director of the Property and Casualty Division, at khennigan@ldi.state.la.us or by telephone at 225-342-0073 or to C. Noël Wertz, Chief Attorney, Property and Casualty Section at nwertz@ldi.state.la.us or by telephone at 225-342-4632.


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